



FACTS ABOUT BUSINESS PROPERTY ASSESSMENTS

In California, all property used by a business is subject to local property tax, unless it is specifically exempted by law. Business personal property is reappraised annually as of January 1 (lien date). Examples of taxable business property include, but are not limited to:

- supplies
- machinery & equipment
- office furniture
- computer hardware
- leasehold improvements
- tools
- property leased to others

As a business owner, you may be required to file a Business Property Statement each year detailing costs of all supplies, equipment and trade fixtures for each of your business locations within San Luis Obispo County. These statements are subject to audit.

WHAT BUSINESS PROPERTY IS EXEMPT?

The following are the most common items that are exempted from property tax:

- inventory, i.e. items held for sale in the normal course of business
- most computer software
- vehicles fully licensed with the Department of Motor Vehicles (Special Mobile Equipment 'S-E' plates are not exempt).

WHO MUST FILE A BUSINESS PROPERTY STATEMENT?

When you receive a Business Property Statement, you must complete and return it to the Assessor's Office. If you have taxable business property with an original cost of \$100,000 or more, the law requires you to file a Business Property Statement even if you are not sent one by the Assessor's Office.

BUSINESS PROPERTY DIRECT ASSESSMENT PROGRAM

When your account is placed on the Direct Assessment Program, you are notified by letter each year of the proposed value of your business property. If you agree with the value and there has been *no* significant change to your taxable business property, you need not file a Business Property Statement. If there *has* been a significant change to your business property, you will need to file a Business Property Statement. All of the direct assessment accounts are subject to audit.

HOW ARE BUSINESS ACCOUNTS SELECTED FOR AUDIT?

California law requires the Assessor to audit businesses that have property with a certain level of assessable value. Smaller businesses, selected by various criteria, are also audited. These may include businesses selected due to inconsistent reporting, missing information, or those selected at random.

I HAVE RECEIVED A NOTICE FROM YOUR OFFICE THAT I AM BEING AUDITED: WHAT SHOULD I DO?

The auditor will typically conduct the audit at the location where your records are maintained. He or she will generally need to examine:

- general ledgers
- income tax ledgers
- fixed asset ledgers
- equipment records
- lease agreements
- original invoice records
- other items as requested

You may wish to advise your company accounting staff and/or outside accountants.

HOW CAN I LEARN MORE ABOUT FILING MY BUSINESS PROPERTY STATEMENT?

Each year our staff conducts seminars on how to prepare the Business Property Statement. These seminars are free to the public and are generally held in February or March. Call our office in January for locations, dates and times.

PAYMENT OF TAXES

The owner of taxable business property on each lien date (12:01 a.m. on January 1) is liable for the payment of taxes for the full tax year. Subsequent sale, removal, or disposal of the property does not relieve the owner of the tax liability.

This information is a synopsis of Business Property assessments. You may call the Assessor's office for more specific information. *The information on this page reflects California assessment/taxation laws in effect January 1, 2004.*